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Testimony of John H. Lawrence, Jr., Vice Chair
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IN SUPPORT

HB6590, An Act Concerning the Connecticut Business Corporation Act

Judiciary Committee

March 25, 2011

Senator Coleman, Representative Fox, and members of the Judiciary Committee, thank you for the opportunity to appear before the Committee to comment on House Bill 6590, An Act Concerning the Connecticut Business Corporation Act.

My name is John H. Lawrence, Jr. I am a partner at Shipman & Goodwin in Hartford practicing in the areas of business and corporate law. I am the Vice Chair and legislative liaison of the Business Law Section of the Connecticut Bar Association (CBA). The Business Law Section includes over 600 Connecticut attorneys interested in business and corporate law issues.

The CBA Business Law Section has discussed House Bill 6590 with the office of the Secretary of the State and they have no objections to the proposed legislation.

The CBA Business Law Section supports House Bill 6590, An Act Concerning the Connecticut Business Corporation Act. On behalf of the Section, we wish to thank the Committee for raising it. We believe the bill is important to Connecticut corporations.

House Bill 6590 would amend the Connecticut Business Corporation Act (CBCA) to adopt recent changes to the Model Business Corporation Act (MBCA) concerning:

- (1) Remote participation in shareholder meeting,
- (2) Bifurcated record dates, and
- (3) Electronic technology amendments.

Connecticut adopted the MBCA in 1994. This bill is part of the ongoing process of updating Connecticut's corporation statutes and keeping them current with the MBCA.

There are a number of advantages to Connecticut in adopting the MBCA and keeping it current. First, the Model Act promotes uniformity among the states. Because Connecticut is a small state with relatively little corporate case law, case law from other states can provide valuable

insight to assist with interpreting the statute. Second, like the Uniform Commercial Code, the MBCA has an official commentary. These comments are a useful source of information to lawyers and the courts about the meaning and interpretation of the law. As the MBCA is updated, the official comments are updated as well.

The bill itself is quite lengthy, but the changes fall into several categories and can be summarized fairly succinctly. The bill, among other matters, would:

- Permit the Board of Directors to allow remote participation by shareholders in shareholder meetings, which is important because remote participation will allow shareholders of Connecticut corporations to attend and participate in shareholders meetings without being physically present at the meeting;
- Permit the Board of Directors to establish different dates for determining which shareholders are entitled to notice of a shareholders meeting and which shareholders are entitled to vote at the meeting, which is important primarily to publicly traded Connecticut corporations so that the Board of Directors can avoid the possibility that changes in share ownership between the record date and the actual meeting date would allow former shareholders who no longer have an economic interest in the corporation to vote on matters that come before the meeting; and
- Adopt the terminology and concepts in the Connecticut Uniform Electronic Transactions Act, C.G.S. §1-260 *et seq.* (UETA) and the federal Electronic Signatures in Global and National Commerce Act (ESIGN) 15 U.S.C. ch. 96 for notices and record keeping purposes for Connecticut corporations, which is an important step in modernizing the CBCA and using electronic technology concepts that have received widespread acceptance in Internet commerce.

We believe that House Bill 6590 is necessary to ensure that Connecticut's corporate statutes remain current and up to date.

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Thank you for the opportunity to appear before the Committee.